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DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE:
DATE 21 December 1953
1-3-80

NBC BRIEFING

TRENDS IN EASTERN EUROPE

A. The current Satellite emphasis on agricultural and consumer goods production represents a major effort to reduce the apathy and disaffection of the peasant and labor populations.

1. By increasing material incentives to these groups, the communist regimes also hope to increase productivity and to strengthen the economic bases for long-range economic growth.

2. These are indications that the new policy may be intended to cover the next two years in preparation for further socialization under synchronized long-range economic plans starting in 1956.

B. The Satellite governments have stressed measures calculated to increase agricultural output.

1. They are boosting incentives for agricultural production by increasing payments and bonuses for crop deliveries, by granting tax and debt relief

and by sharply increasing expenditures and credits

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for technological improvements.

2. Although collective farms are given preferential treatment, concessions are also being granted to private farmers.

3. The new program implies a slow-down of the rapid farm collectivization which has been the source of considerable unrest among the largely rural Satellite populations.

C. The regimes are appealing for support among apathetic urban populations by taking some steps toward improving their living standards.

1. Most of the Satellite governments have decreed broad price reductions, which, however, effect basic food prices only marginally.
2. There have been some wage and tax revisions, which in general tend to increase the differentiation between the highest and lowest paid workers.
3. Improvement of urban housing and consumer goods availability has been promised.

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D. Certain Satellites have decreed measures indicating their recognition of a continued need for support of the bourgeois classes.

1. The East German government decreed on 17 December financial assistance for private manufacturers and traders.

2. In Hungary industrial and agricultural experts have been readmitted to responsible positions despite their non-Communist political attitudes.

E. Although the Satellite programs have tended to reduce popular disaffection somewhat by lessening internal tensions and giving promise of improved living standards for those who produce, the bases of unrest persist throughout the area.

1. Despite good harvests and intensive incentive programs in East Europe there are signs that crop deliveries are unsatisfactory and that food shortages may develop in certain areas, particularly in the cities later this winter.

Hungary and Czechoslovakia as a result of changes in the industrialization program, which will aggravate the economic difficulties of urban workers.

The Satellite populations continue to be generally anti-Communist and cynical. Any failure on the part of the regimes to fulfill their promises of a better life will tend to increase the popular disaffection.

Originator: Soviet Division, OCI

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NSC BRIEFING

21 December 1953

~~ECONOMIC~~ TRENDS IN EASTERN EUROPE

- A. Following the death of Stalin the Kremlin leadership adopted a new approach to ^{internal} Orbit economic problems.
1. Under Kremlin direction, the European Satellites have all adopted new economic policies based on the Soviet program but including measures designed to cope with such problems peculiar to the Satellites as the chronic underfulfillment of production in key industries and the large private agricultural sector.
 2. The Satellite programs represent a major effort to reduce the apathy and disaffection of the peasant and labor populations.
 3. By increasing material incentives to these groups, the communist regimes also hope to increase productivity and to strengthen the economic bases for long-range economic growth.
 4. These are indications that the new policy may be intended to cover the next two years in preparation for further

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socialization under synchronized long-range economic plans starting in 1956.

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E. Although the Satellite programs have tended to reduce popular disaffection somewhat by lessening internal tensions and giving promise of improved living standards for those who

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produce, the bases of unrest persist throughout the area.

1. Despite good harvests and intensive incentive programs

in East Europe there are signs that crop deliveries are unsatisfactory and that food shortages may develop in certain areas, particularly in the cities later this winter.

2. There is evidence of some temporary unemployment in Hungary and Czechoslovakia as a result of changes in the industrialization program, which will aggravate the economic difficulties of urban workers.

The Satellite populations continue to be generally anti-Communist and cynical. Any failure on the part of the regimes to fulfill their promises of a better life will tend to increase the popular disaffection.

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Approved For Release 2000/08/09 : CIA-RDP79R00890A000200020025-6
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On extent of concessions in agriculture:

In Poland concessions are even being extended to the bovine population. The new plans call for both a larger number of bulls and stallions and an increased network of copulation stations.

On appeal to bourgeois groups:

The Hungarian regime has gone bourgeois to the extent that for the first time in recent years the official party newspaper is using the long-forbidden term "Christmas" and shop windows in Budapest are filled with Father Christmas figures and pine trees. Turkeys, toys and special theater programs have been promised for Christmas and New Year's, and recently copies of American fashion magazines are appearing on newstands.